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Former NYC sergeant says FBI scapegoated him in China spying scandal

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Michael McMahon was at the home he shares with his former soap actress wife Martha Byrne, their three children and his mother-in-law when 10 federal agents came to arrest him.

Tamara Beckwith/NY POST

Michael McMahon was preparing to go back to work as a private investigator this week — certain that a jury in Brooklyn federal court would find him innocent of charges that he was spying for China.

The decorated former NYPD sergeant who has worked as a licensed private investigator in New Jersey for two decades said he was blindsided when they voted to convict him and two others Tuesday of stalking a New Jersey couple on behalf of the communist country.

“I feel that everything I did was right,” McMahon, 55, told The Post in an exclusive interview at his suburban New Jersey home. “I feel betrayed by the Department of Justice.”

He and his family say he was a scapegoat in the DOJ’s historic first case to combat Operation Fox Hunt, the Chinese Communist Party’s anti-corruption campaign that targets Chinese nationals abroad.

As well as dissidents who speak out against the party, it targets former government officials and others suspected of economic crimes against China.



Private investigator Michael McMahon, who was convicted of spying for China Tuesday, says he feels “betrayed” by the DOJ.

Tamara Beckwith/NY POST

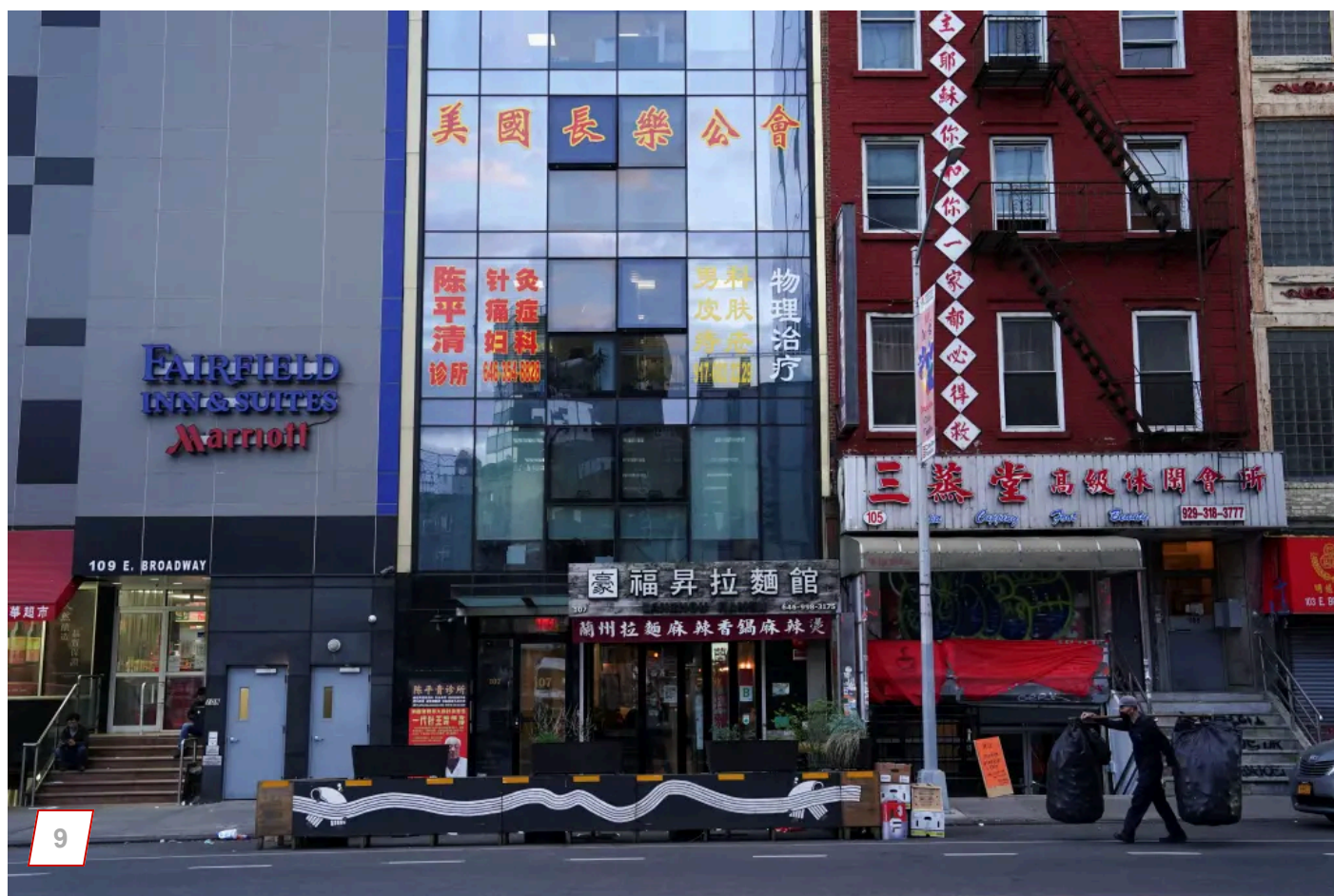
Part of Operation Fox Hunt was to set up dozens of covert Chinese police stations around the world. Their existence in the US, including one in Manhattan’s Chinatown, was **first revealed by The Post**.

Last week, The Post also revealed how a Chinese security company which set up a branch operation in Delaware bought half of the investigations firm founded by New York’s most storied private investigator.

Richard “Bo” Dietl vigorously denied doing any work for the Chinese firm. “I didn’t do an hour of work for them,” he told The Post. “When I found out who they were I wanted nothing to do with them. I’m a good American.”

McMahon was hired in fall 2016 by what he believed was a translation company from New Jersey to do surveillance on a luxury Short Hills, NJ, home occupied by a relative of Xu Jin and Liu Fang, and to use public records to find companies and other assets registered to the couple.

He was told that he was locating assets for a civil court case.



Under Operation Fox Hunt, the People's Republic of China set up covert police stations around the world, including one above a noodle shop in Lower Manhattan.

REUTERS

Xu and Liu, he was told, had stolen money from a construction company and the people who hired him wanted to find where the cash had gone.

What he was not told was that Xu was a former official in Wuhan, who had fled China amid allegations of corruption.

It seemed like a routine job for a licensed private investigator who had been one of the NYPD's most distinguished officers until his retirement in 2003 in the wake of an injury caused by a violent pursuit.

McMahon said that when he conducted surveillance, he did what he has done on hundreds of jobs: He registered with the local police, letting them know his whereabouts, the license plate of his vehicle and the identities of the other private investigators he was working with.

"I worked on hundreds of cases involving investigations into homicides, insurance fraud and countless surveillance cases," he said.

"The Chinese job was typical of the surveillance work I had done in the past. There was nothing out of the ordinary."



The Post revealed earlier this month how Bo Dietl sold half of his security company to a Chinese security firm whose boss Liu Wei (right) is said by sources to be a Chinese intelligence agent.

McMahon's work was used without his knowledge in a 2018 New Jersey civil suit against Xu, Liu and others, brought by the Xinba Construction Group Co. in China, alleging that they had embezzled millions from the company.

Xinba won a nearly \$15 million default judgment in 2019, court records show.

Two years later, on October 28, 2020, 12 federal agents **surrounded the home** McMahon shares with his wife Martha Byrne — a former soap opera actress — their three children and his elderly mother-in-law. "I was up, and I see flashlights outside, but because of my business I don't open the door," he said.

"I actually thought someone had died. They told me I was under arrest for working for a foreign government. I had no idea what they were talking about."

Nevertheless, McMahon got dressed, and voluntarily offered to surrender his electronic devices, including his firearms, but federal agents declined his offer.

He was not handcuffed. Later, one of the FBI agents allowed him to use his personal phone to call his wife. “It wasn’t a normal arrest,” he said.

McMahon was so sure that the agents had made a mistake with him that he agreed to be questioned without a lawyer present. “I voluntarily spoke to them because I wanted to help the government and I didn’t think I would need a lawyer,” he said.

“He was being as transparent as he possibly could,” said Byrne, a three-time Emmy Award winner who played Lily Walsh Snyder on CBS’ “As the World Turns.”



Byrne was with McMahon every day at federal court in Brooklyn during his trial and said they are determined to fight to have his conviction overturned.

Gregory P. Mango

“Instead, they turned everything against him and made him look like the devil in court,” she said. “I’ve never seen such dark forces trying to portray him as an unlawful person.”

McMahon had not heard of Operation Fox Hunt until he was arrested. He was charged with violating the Foreign Agents Registration Act by working for the Chinese government without telling the State

Department, and with conspiracy to commit interstate stalking.

Two weeks after he was arrested, the FBI, under FBI Director Christopher Wray, ordered urgent, nationwide action against Operation Fox Hunt.

An internal memo seen by The Post warned “state and local public safety personnel” to be aware of Chinese government officials from China’s Ministry of Public Security who may “seek assistance to obtain sensitive US law enforcement or non-public personally identifiable information on individuals of interest.”



Christopher Wray’s FBI ordered a crackdown on China’s Operation Fox Hunt in a memo sent two weeks after McMahon’s arrest.

AP

Nicholas Eftimiades, an expert on Chinese intelligence and senior fellow at the Atlantic Council, told The Post that the FBI move had been caused by the failure of former attorney general Jeff Sessions’ 2018 “China Initiative,” which had targeted universities and research institutions but been decried as racist, accused of **unfairly targeting** a handful of professors for working with Chinese institutions.

Instead, DOJ shifted its focus to Operation Fox Hunt, **targeting a handful** of private investigators across the country, including McMahon.

The DOJ had been aware of Chinese agents working in the US for more than a decade, Eftiamides said.

Eftiamides said he believed McMahon's case, the first brought by the Department of Justice in the anti-Operation Fox Hunt, was flawed.



Former US Attorney General Jeff Sessions announced the China Initiative in 2018 to combat spying and theft by Chinese spies in the US. After the plan's failure, the DOJ focused on Operation Fox Hunt

AFP via Getty Images

"I don't know how anyone could come to the conclusion that McMahon was knowingly working on behalf of the Chinese government," Eftimiades told The Post.

"This is the first Fox Hunt trial we've had and there are so many questions that just don't make sense. It seemed they were compelled to push this case, and there's a lot behind the scenes that we don't know. I hope it all gets reviewed."

McMahon's defense, he said, was hampered by what he could not say.

Prosecutors sealed the 2018 New Jersey civil court case, and successfully prevented the defense calling McMahon a "hero cop," or referring to his storied NYPD career from 1989 and 2003.



Chinese President Xi Jinping created Operation Fox Hunt to rein in dissidents and Chinese fugitives living outside China. China cannot request arrests in the U.S. because the two countries have no extradition treaty.

REUTERS

It included years in an elite undercover unit specializing in street crime at a time when there were more than 2400 homicides a year in New York City. Last year, there were 434 murders citywide.

He earned 78 medals and citations for bravery, including the Combat Cross – the department's second-highest honor – in 1998 for an exchange of gunfire involving a gang member in the Bronx.

McMahon grew up in Rockland County as one of nine children. His grandmother was the house matron for a firehouse in Washington Heights, and both his grandfather and uncle were firemen there.

He always wanted to be a cop, sitting the entrance exam at 16. His older brother Brian is also a retired NYPD detective; a younger brother, Stephen, is currently working for the FDNY in the Bronx.



Michael McMahon, who had wanted to be a cop since he was 16, received 78 awards and citations for his work as an undercover officer for the NYPD in the Bronx

PHF

After the academy, he headed to the Bronx.

“I had the chance to go to Midtown, but I said I wanted to go to the most dangerous part of the city where I could make a difference,” said McMahon.

After working undercover and as a school safety sergeant, cracking down on gang members who targeted public school pupils for recruitment, he retired from the force in 2003 — two years after he was injured in a violent pursuit on the Bruckner Expressway.

Now he is banned from being a private detective, and focused on his next step to overturn what he and his wife say is an unjust conviction.



The McMahons said they are ready to fight to clear his name

Tamara Beckwith/NY POST

“I didn’t harass or stalk anyone, and if I had been asked to do so, or if I had suspected that my clients worked for the Chinese Communist Party, I would have contacted the FBI right away and not proceeded with the job,” he said.

Byrne said her husband is a scapegoat.

“The DOJ knew this problem existed, that private investigators were being used, they knew the patterns well, but they communicated none of this until after Mike’s arrest,” she said.

“This was going on for a long time, but they didn’t tell the right people. After 9/11 we learned something: that if you don’t share information, people get hurt.”

His lawyer is planning to enter a motion to dismiss next month, he said.

“We are fighting to the end,” Byrne said.